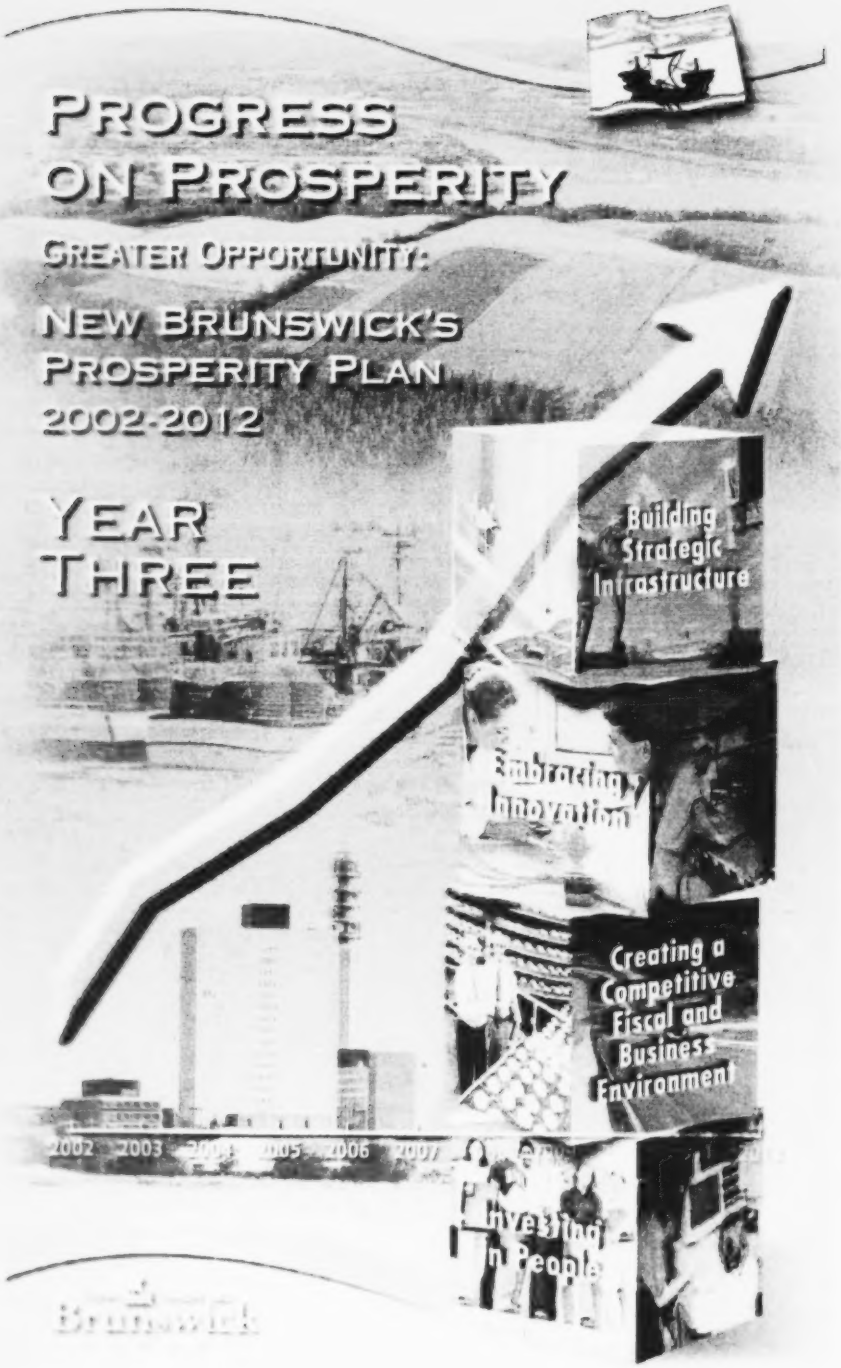
PROGRESS ON PROSPERITY
GREATER OPPORTUNITY:
NEW BRUNSWICK'S PROSPERITY PLAN 2002-2012
YEAR THREE
Building Strategic Infrastructure
Embracing Innovation
Creating a Competitive Fiscal and Business Environment
Investing in People
2002 2003 2004 2005 2006 2007

2008-05878/

INTRODUCTION

I am pleased to present ***Progress on Prosperity,*** *our third annual report on the accomplishments we have made through* ***Greater Opportunity: New Brunswick's Prosperity Plan, 2002-2012.***

Greater Opportunity *is our plan to transform our economy to create the right environment for business growth and greater prosperity for our province. Since taking office in 1999, the government's priorities have remained clear: better health and senior care; quality education; job creation; helping those who need help the most; strong, vibrant communities; a cleaner environment; lower taxes; and balanced budgets.*

Greater Opportunity *set out ambitious targets for our province in order to bring greater opportunity and lasting prosperity to all New Brunswickers. These targets include more jobs, higher incomes, improved productivity, increased innovation and exports and greater economic competitiveness within Canada and throughout the world.*

This third volume of ***Progress on Prosperity*** *illustrates the significant progress we are making under all four building blocks of* ***Greater Opportunity****. The success we have had in 2004 encourages us to work even harder in 2005 and in years to come to realize our goal of lasting prosperity and greater opportunity for all New Brunswickers.*

Bernard Lord

Bernard Lord
Premier

February 2005

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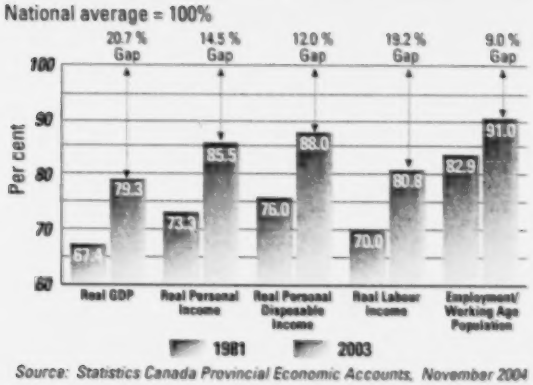
Per Capita Economic Indicators (1981 and 2003)



Source: Statistics Canada Provincial Economic Accounts, November 2004

TEN-YEAR PROSPERITY TARGETS

Targets	Indicates	Progress to Date
Economic Prosperity		
NB will increase its real GDP per capita (expressed in relation to national average) by 10 percentage points to reach or exceed 85% of Canadian average by 2012.	NB has a strong, growing economy.	Increased from 75.8% of national average in 2000 to 79.3% in 2003.
Employment Prosperity		
NB will increase its "employment per working age population" ratio (expressed in relation to national average) by 5 percentage points to reach or exceed 95% of Canadian average by 2012.	More job opportunities are available to New Brunswickers.	Increased from 55.4% in 2000 to 56.8% in 2003, rising from 90.4% of national average in 2000 to 91% in 2003.
Income Prosperity		
NB will increase its real personal income per capita (expressed in relation to national average) by 7 percentage points to reach or exceed 93% of Canadian average by 2012.	New Brunswickers have an improved standard of living.	Increased from 85.3% of national average in 2000 to 85.5% in 2003.

TEN-YEAR COMPETITIVENESS TARGETS

Targets	Indicates	Progress to Date
Innovation		
NB will join the top four provinces in R&D expenditures per capita by 2012.	NB has a stronger innovation capacity.	Gross Expenditures on R&D were $245 per capita in 2002, up from $205 in 2001, moving NB from 10th to ninth place amongst provinces
Productivity		
NB will improve its labour productivity (expressed in relation to national average) by 10 percentage points to reach or exceed 90% of Canadian average by 2012.	NB has a highly skilled and productive workforce.	Increased from 80.7% in 2001 to 82.1% in 2003.
Export Orientation		
NB will increase its percentage of exporting firms from 45 to 55%, and the proportion of its non-resource-based exports from 29 to 40% of exports by 2012.	NB has a more diversified and export-oriented economy.	Product exports are expected to grow 10% in 2004 to exceed a record $9 billion. Exporting firms increased from 45% in 2001 to 49% in 2004. Non-resource exports have grown $110 million since 2001. The proportion of non-resource product exports to non-petroleum exports is expected to increase from 32% in 2001 to 34% in 2004.*

*2004 exports estimated based on first eleven months of the year. Petroleum exports, normally included in the measurement of resource-based exports, experienced dramatic growth and are removed from the comparison to provide a more accurate representation of growth in non-resource product exports.

GREATER OPPORTUNITY: THE BUILDING BLOCKS

INVESTING IN PEOPLE

Strategic goal: New Brunswick has an educated, well-trained, skilled and adaptable labour force supported by a culture of life-long learning.

The single most important factor in achieving prosperity is the quality of our workforce. In today's information age, knowledge and creativity are the 'human capital' in building economic success. An educated, well-trained, skilled, and adaptable labour force helps current businesses grow and attracts new investment from outside; it is an essential ingredient in high growth economies.

Year Three Progress

CORNERSTONES AND ACTION PRIORITIES

1. Quality Learning Agenda (QLA)

✔ **A Quality Start to Education**

- *Invested a record $5.7 million in initiatives directly benefiting child care facilities and an additional $1.7 million, for a total of $8 million, in day care assistance.*
  - *Clear standards for appropriate pre-school development were established for parents and caregivers, public health nurses and social workers.*
  - *Practical, evidence-based information was developed and provided to parents, caregivers, and professionals working with children to communicate best practices for early intervention for children with exceptionalities.*
  - *Two pilot projects were undertaken to improve the school readiness of pre-schoolers. The projects targeted children identified as having barriers to successful transition into kindergarten, and included children in the francophone system that have special linguistic needs.*
- *All districts implemented transition to school programs including early kindergarten registration in the fall.*

INVESTING IN PEOPLE

✔ **Quality Results in Education – Quality Schools, High Results**

- *The 2004-2005 included a record high investment in education and children: $1.15 billion, including $736.4 million at the Kindergarten to Grade 12 level.*
- *Provided clear standards for Grade 2 literacy achievement in reading and writing to teachers, parents, and students.*

- *Put in place procedures to ensure that by January of the kindergarten year, teachers identify students requiring reading intervention.*
- *Implemented a new reading assessment initiative for Grade 2 French Immersion students in the Anglophone sector. The assessment for students in the English program has been given annually since 2003. In the Francophone sector, the assessment will be introduced in June 2005.*
- *Continued adding teaching positions in support of early literacy. 325 teachers have been hired to date.*
- *A new handbook with strategies, resources and best practices for improving the literacy achievement of boys is being developed with districts and will be distributed to teachers in September 2005.*
- *Started work on strategies to improve the achievement level of First Nations students.*

✔ **Quality Educational Experience**

- *Issued public library cards to all public school students and provided parents with information about the resources, services and programs available at public libraries. New kindergarten students will also receive these cards.*
- *Expanded opportunities to pursue technical-vocational studies.*
- *Created a four-year, $10 million, Quality Classroom Resources Fund for school supplies and resources, starting with $2.5 million in 2004-2005.*
- *Launched an independent review of inclusive educational practices, programming and supports. The findings will support decisions related to classroom composition and eight other specific Quality Learning Agenda actions.*

✔ **Quality Schools and Communities**

- *Launched a targeted initiative "Learning Counts" to raise awareness of the importance of learning and the role of parents in supporting their children's education. Phase two will target the importance of post-secondary learning and training and the need for parents to save to help their children pursue post-secondary education.*
- *Reviewed principal certification requirements to ensure principals and vice-principals are well-equipped to provide strong school leadership focused on instruction that meets the needs of today's schools and the diversity of students who attend them.*

✔ **Access to Quality Post-Secondary Education**

- *The New Brunswick Community College (NBCC) Network began conversion from a program-based to a course-based delivery model. Enhanced flexibility greatly increases accessibility and better meet the needs of students, life-long learners and employers.*
- *New Memorandum of Understanding for Renewal (2004-2009) between the NBCC, the Construction Association of New Brunswick and the New Brunswick Building and Construction Trades Council.*
- *Provided data to the Atlantic Advisory Committee on Health and Human Resources to assist in the development of an Atlantic regional health workforce forecasting, training and education model.*
- *Participated in national pilot project to test strategies and interventions for assisting high school students and their parents with career planning and making successful transitions to post-secondary studies.*

✔ **Quality E-Learning**

- *Broadband technology has been installed in all New Brunswick schools and Access Centres located in schools to facilitate high speed Internet connectivity.*
- *The number of online high school courses increased to more than 60.*
- *Launched a Dedicated Notebook Computer Research Project in six schools. This two-year project, involving Grade 7 classes this year and Grades 7 and 8 classes in year two, will help determine how technology can best be used to further support learning.*
- *Established a $1.8 million Quality Technical Infrastructure Fund to ensure teachers and students have access to technical support and to expand technology in the classroom to support learning.*
- *Launched new database of on-line teaching resources to supplement traditional teaching aids, and professional development opportunities.*
- *The NBCC (Acadian Peninsula campus) developed three online courses to Shareable Content Object Reference Model (SCORM) standards. A number of courses are available online throughout the NBCC Network.*

2. Skills Training and Retraining

✔ **Labour Force Profiles**

- *Labour force profiles for all 15 regions of the Enterprise Network are in the process of being updated for release in February 2005.*

✔ **Federal/Provincial Skills Agenda**

- *Continued work with Human Resources and Skills Development Canada to address Immigration, Lifelong Learning, Training for the Existing Workforce, and a new partnership for improved skills training to meet current and emerging needs.*

✔ **Human Resource Development and Community Economic Development**

- *Connect NB Branché developed a "College Prep" Program to address the needs of grade 12 students and their parents in relation to post-secondary student aid and bursary programs.*
- *Continued funding for a Provincial Labour Force Development Officer position to provide central coordination for the Enterprise Network.*

✔ **Private Sector Training Improvement**

- *The federal-provincial working group,* Training for the Existing Workforce, *undertook a number of pilot projects that will be monitored for potential development of new provincial programming.*
- *The NBCC Development Branch coordinated a provincial needs analysis in cooperation with several campuses. A series of surveys were completed in the metal, heating, air conditioning, ventilation, and industrial electronics sectors to identify the customized training needs of industry.*

✔ **Small and Medium-Sized Enterprises (SMEs)**

- *Completed an inventory/gap analysis of federal/provincial programming for SMEs.*
- *Established a working committee to assist SMEs in developing a strategy for responding to human resource issues while promoting the value of long-term human resource planning.*
- *Launched a pilot project with SMEs to conduct workplace learning assessments, develop and deliver learning plans related to workplace essential skills training and the document needs of the companies.*

- *Delivered a pilot training program to meet training needs in three Enterprise Network areas in the southern part of the province.*
- *Launched the* Innovation and Leadership Series, *which offers eight training modules specific to the owner/operator of tourism businesses.*
- *Implemented second year of the* Experience New Brunswick *training program for front line service staff in the tourism sector.*
- *Developed* TradeSmart, *a certification program for New Brunswick tourism suppliers wishing to do business with North American tour operators.*

3. Recruitment, Retention and Repatriation

✔ **University and Community College Recruitment**

- *Continued partnership with the New Brunswick Innovation Foundation to support the Research Assistantships and Technicians Initiatives. These two initiatives increase our research capacity while providing employment opportunities to young New Brunswickers.*

✔ **Knowledge Worker Recruitment**

- *The NBCC participated in* LearnNB *to better understand the needs of the e-learning industry and adapt its programs accordingly to improve New Brunswick's global competitiveness in this market.*

✔ **New Post-Secondary Graduate Recruitment**

- JOB Start *initiatives continued to assist post-secondary students and graduates with issues related to recruitment, retention and repatriation. To date the strategy has assisted more than 1,800 post-secondary students and graduates to gain job experience and full-time employment.*
- *Established a Labour Force Development Committee under the Enterprise Network to implement projects that promote partnerships and coordination in responding to the labour force needs of New Brunswick's SMEs.*

✔ **Immigrant Recruitment and Settlement**

- *Completed 180 nominations for immigration to Canada under the New Brunswick Provincial Nominee Program.*
- *Twelve promotion and recruitment ventures were made involving presentations in 16 countries.*
- *Signed a MOU with Citizenship and Immigration Canada to allow international students at New Brunswick post-secondary institutions to work off-campus.*
- *Established a federal/provincial Immigration Settlement working group. Themes being addressed: Foreign Credential Recognition, NB immigrant profile, socio-economic benefits of immigration in NB, and international students.*

✔ **Repatriation Initiative/New Brunswick Job Opportunities Link**
- *Adopted a three-year strategy consisting of outreach activities targeting skilled New Brunswickers living elsewhere. Activities in key Canadian and American cities, highlighting the theme "Be.Here.Now" and the website "NBjobs.ca", as well as electronic job fairs, have resulted in the repatriation of 382 New Brunswickers – surpassing the original target of 300.*

4. Reducing Barriers to Work

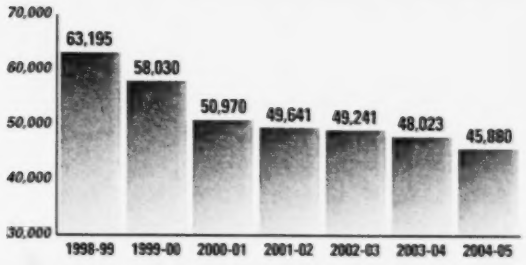
✔ **Greater Opportunities to Work**
- *Introduced new Aboriginal Employment Service Initiatives to improve the representation of Aboriginal people in the New Brunswick workforce.*
- *Undertook research to better understand client barriers to education, training and employment.*
- *Negotiated the Canada-New Brunswick Correctional Services Co-ordination Agreement that allows selected provincial offenders to better access community-based rehabilitation and reintegration support services.*

✔ **Minimum Wage and Low-Income Earners**
- *Increased minimum wage to $6.20 per hour effective Jan. 1, 2004 – the fourth increase since 1999. A fifth increase came into effect on Jan. 1, 2005 bringing minimum wage to $6.30 per hour.*

Progress Indicators

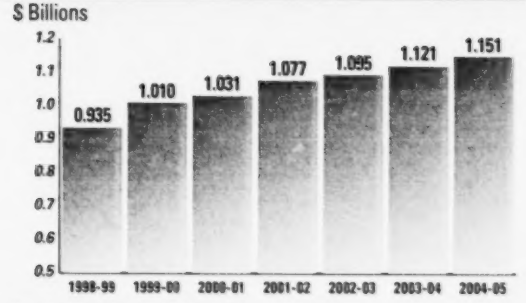
- **Jobs**
  - *Approximately 30,000 more New Brunswickers working in December 2004 than in June 1999.*
- **Post-secondary graduate completions**
  - *The number of New Brunswick Community College graduates in 2004 is estimated at 2,266.*
  - *A survey of 2003 NBCC graduates shows that 87 per cent were working within one year of graduation, with a labour force participation rate for all graduates of 96 per cent in 2004, and with 91 per cent of graduates employed working in NB in 2004.*
- **The number of people requiring social assistance**
  - *There are approximately 17,000 fewer people requiring social assistance in 2004 than in 1999, a 27 per cent decrease.*
- **The number of immigrants coming to, and staying in, New Brunswick**
  - *377 applications were received under the Provincial Nominee Program, the highest annual number to date. This was up from 182 in 2003 and 81 in 2002.*

Social Assistance Recipients



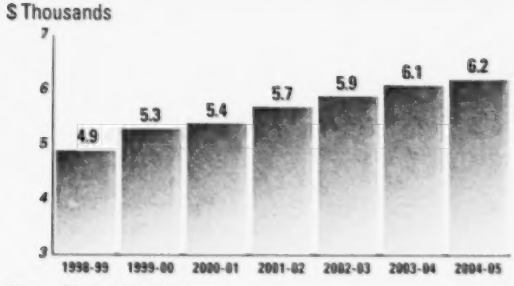
Source : Department of Family and Community Services

Investments in Education and Children



Source: Department of Education

K-12 Funding per student



Source: Department of Education

CREATING A COMPETITIVE FISCAL AND BUSINESS ENVIRONMENT

Strategic goal: New Brunswick has a strong and attractive business climate founded on sound fiscal management and a competitive tax regime.

A strong, positive business environment is the core foundation for attracting new job-creating investment to New Brunswick and encouraging growth of firms within our province. This begins with strong financial management that balances the provincial budget and reduces the net debt. This gives us the financial flexibility that allows for tax relief for people and businesses so we can become even more competitive. It will help us recruit and retain 'highly qualified people' to live and work in New Brunswick while encouraging young New Brunswickers to stay and build our province. At the same time, ongoing reduction of government red tape will continue to foster a more positive business environment.

Year Three Progress

CORNERSTONES AND ACTION PRIORITIES

1. Competitive Taxes

✔ **Personal Income Tax Relief**
- *Provincial personal income tax savings of $123 million in 2004-2005.*
- *Cumulative provincial personal income tax savings total $471 million over the 2000-2001 to 2004-2005 period.*
- *New Brunswickers now enjoy the lowest provincial personal income taxes in Eastern Canada.*

✔ **Business Tax Relief**
- *Provincial corporate income tax savings of $74 million in 2004-2005.*
- *New Brunswick businesses have benefited from cumulative corporate income tax savings of an estimated $197 million over the 2000-2001 to 2004-2005 period.*
- *Reduced the small business corporate income tax rate to 2.5 per cent - the lowest small business rate in Canada.*

CREATING A COMPETITIVE FISCAL AND BUSINESS ENVIRONMENT

- *Increased the small business income threshold from $400,000 to $425,000 - the best small business income threshold in Canada.*

✔ **Other Tax Measures**
- *Reinstated property tax exemption to universities for both municipal and provincial property taxes.*
- *Effective Jan. 1, 2005, a provincial property tax exemption is being provided for qualifying non-profit low-income housing.*

2. Balanced Budgets

✔ **Balanced Budget Legislation**
- *In 2003-2004, this government became the first New Brunswick government to meet the criteria of the* Balanced Budget Act *over a designated four-year period with a cumulative surplus for balanced budget purposes of $247.2 million.*

3. Debt Reduction

✔ **Net Debt Reduction**
- *The cumulative reduction in net debt from 2000-2001 through 2003-2004 was $109.2 million.*

4. Red Tape Reduction

✔ **Red Tape Reduction Report Implementation**
- *32 of the 37 Red Tape Reduction Recommendations have now been acted upon.*
- *A web-based Directory of Services will be launched in 2005 to provide uniform information and access to government programs, regulations, fees and services.*
- *The Regulatory Excellence Initiative, focusing specifically on Acts and/or Regulations that are outdated and/or unnecessarily burdensome for the business community, is ongoing.*

✔ **eNB.ca**
- *Implemented a process to ensure that changes to company names in the Corporate Registry are automatically relayed to the Land Registry at no additional cost.*
- *337 forms and 104 services are available on-line via Service New Brunswick.*

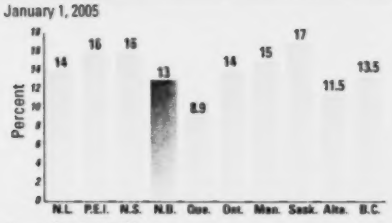
✔ **Quality Service Standards**
- *Introduced a number of new "service packages" which streamline delivery of services to citizens and businesses. There are now 11 service packages available for individuals and seven for businesses.*

✔ **Legislative and Regulatory Environment**
- *Amendments to the* Partnerships and Business Names Registration Act *and the* Partnership Act *came into force, modernizing the business environment. Professional partnerships can now be treated like corporations insofar as the liability of non-negligent partners is limited.*

Progress Indicators

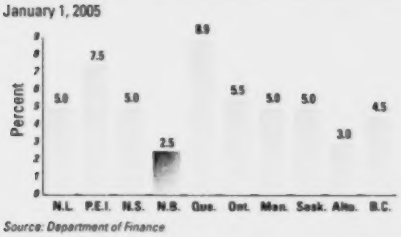
- **Personal income tax burden relative to other provinces**
  - *The New Brunswick tax-free income level of $12,500 is third to Alberta and Quebec.*
- **Overall tax burden relative to other provinces**
  - *Using the measure of own-source revenue as a share of GDP, New Brunswick has the third lowest overall tax burden in 2004-2005.*
- **Corporate tax rates relative to other provinces**
  - *The general corporate income tax rate is still the third lowest rate overall. The small business rate is still the lowest in Canada.*
- **Provincial credit rating**
  - *New Brunswick continues to maintain the best overall credit rating east of Ontario. Two rating agencies – Moody's Investor Services and Dominion Bond Rating Service – upgraded the Province in 2004 for the first time in 18 years.*
- **Balanced Budget Results**
  - *Over the 2000-2001 to 2003-2004 period, the Province achieved a cumulative surplus of $247.2 million for balanced budget purposes.*
- **Reductions in net debt**
  - *The cumulative reduction in net debt from 2000-2001 to 2003-2004 is $109.2 million.*

Provincial General Corporate Tax Rate Comparison



Source: Department of Finance

Provincial Small Business Corporate Tax Comparison



Source: Department of Finance

EMBRACING INNOVATION

Strategic goal: New Brunswick is a leader in the knowledge-based economy with increased innovation capacity and R&D as drivers of productivity and growth.

Innovation is the process by which new ideas are generated into new products, services, technologies, and business processes to bring greater value to customers.

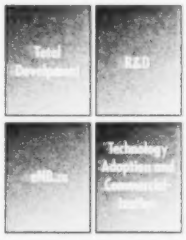
The strongest, wealthiest economies in the world today are the most innovative. Innovation is key to ensuring a high standard of living and quality of life – in other words, prosperity. It creates competitive companies and competitive economies by improving productivity.

Year Three Progress
CORNERSTONES AND ACTION PRIORITIES

1. eNB.ca

✔ **e-Government**

- *337 forms and 104 services are available on-line via Service New Brunswick (SNB).*
- *Continued to enhance the Tourism New Brunswick website to include reservation and e-commerce functionalities.*
- *Piloted a Citizen Engagement Survey Toolkit to allow departments to create and administer their own online consultations easily and quickly, to support government's promise to engage citizens in policy development.*
- *Developed a mapping services unit in support of government-wide geomatic business needs and application delivery. Topographic data and digital orthophoto data have been placed on the SNB website for free download.*
- *Established the Office of e-Health to ensure the development and coordination of a comprehensive approach to e-Health among the eight Regional Health Authorities, and the Department of Health and Wellness.*
- *Motor vehicle driver training schools can now offer theory element of their passenger vehicle driver-training curriculum to students online.*
- *All police forces are now connected to allow development and sharing of intelligence to reduce threats from organized crime and terrorism.*



EMBRACING INNOVATION

✔ **G2G Initiatives (Government-to-Government)**

- *SNB now offers services in partnership with 53 New Brunswick Municipalities.*
- *Implemented a Land Gazette to bring together different notices, restrictions and other information about land parcels in one place where businesses and the public can inquire as to the status of individual parcels or areas online.*

✔ **G2B Initiatives (Government-to-Business)**

- *International Registration Plan (IRP) services are now available throughout the province in 14 SNB locations. International Fuel Tax Agreement (IFTA) applications and applications for IFTA stickers are available online as is a full catalogue of applications for Special Permits.*
- *A common business identifier is now being used by more than 45,000 businesses. The Departments of Finance and Public Safety, as well as the Corporate Registry, are now using the Business Number for various programs.*
- *Implemented online application procedures for Business Name Renewals.*

✔ **e-Business**

- *Expanded the New Brunswick Opportunities Network system to a fully integrated e-procurement system for goods and services procurement. Public sector bodies such as universities, hospitals, municipalities and crown corporations are now extensively using the NBON to advertise tenders.*
- *Launched an e-business awareness program targeted at SMEs. It is designed to assess the state of e-business activities among New Brunswick companies. A cluster of stakeholders in e-security were identified and assisted with early sub-sector development initiatives.*
- *SourceNB, a branded version of SourceCan, now provides connection to 40 procurement databases. Opportunities are automatically sent by e-mail to NB businesses that subscribe to this free service.*

✔ **e-Learning**

- *Hosted the national meeting of the Canadian e-Learning Enterprise Alliance in June 2004, and will host the Canadian Society for Training and Development Symposium in May 2005.*
- *Supported the e-learning industry formation of LearnNB and the Canadian Society for Training and Development, NB Chapter.*
- *Supported the Pan-Canadian research project, Edusource, which assisted a team of e-learning experts from Universities, the National Research Council (NRC) and private sector companies to develop local expertise in Learning Objects and repositories.*
- *Launched an expanded version of the Firearm Safety/Hunter Education course that includes a federal firearms safety component.*

✔ **e-Infrastructure**

- *Ninety per cent of New Brunswickers will have access to high-speed Internet by the end of 2006. In addition, 95 per cent of business lines, and 100 per cent of regional health care centres, business parks and First Nations communities will gain access. New Brunswick's schools are 100 per cent connected today.*

2. Total Development

✔ **Total Development Fund**
- *Committed $4.5 million for total development.*
- *Announced initiatives to promote innovation, resource management and development across a number of sectors:*
  - *Amendments to the* Fish Processing Act *will be brought forward to help processors compete.*
  - *A National Aquatic Animal Health Program will be developed to address the rapid expansion of aquaculture in Canada.*
  - *New measures will follow up on the recommendations of the New Brunswick Potato Cluster Study.*
  - *A new Life Science and Bioeconomy Strategy will be released aimed at expanding New Brunswick's presence in these emerging areas.*

✔ **Certified Forest Initiative**
- *All licensees and sub-licensees have successfully completed Sustainable Forestry Initiative certification.*

✔ **Wood Fibre Supply**
- *The all-party Select Committee of the Legislature examined and reported on New Brunswick's sustainable wood supply. In response, Government has committed to establishing quantifiable wood supply objectives.*

✔ **Agriculture, Fisheries and Aquaculture**
- *Projects supported under the Total Development Fund:*
  - *Agriculture project on monitoring of current season spread and status of potato virus Y,*
  - *16 aquaculture projects relating to diagnostic test improvements, environmental sustainability and innovative alternative species for aquaculture development, and*
  - *Seven commercial fisheries projects focussing on new techniques on understanding the ecology and optimizing the value of the traditional fisheries resource.*

✔ **Advanced Exploration Technology Program**
- *Provided $2.5 million for advanced mineral exploration for the Bathurst Mining Camp – the second year of a three-year partnership with the private sector, which will see a total of up to $15 million invested in advanced exploration.*

3. R&D

✔ **Innovation Agenda**
- *The Natural Sciences and Engineering Research Council's (NSERC) Regional Office located in Moncton.*
- *Renewed the Research Assistantships Initiative and expanded it to include an emphasis on education and training research. Researchers at New Brunswick academic institutions and research organizations will use $2.9 million over the next three years to hire more than 320 student assistants.*
- *Assisted in the development of the University of New Brunswick-led application for an Atlantic Region Centre for Research in Youth Science Teaching and Learning (CRYSTAL) funded by the NSERC.*

✔ **Innovation and Industry Fund**
- *Twenty-six projects ($3,500,372) were funded by the New Brunswick Innovation Foundation (NBIF) in 2004, as well as 19 Research Assistantships ($300,000) and 12 Research Technicians ($848,586).*

✔ **R&D University Infrastructure**
- *The remaining $5 million of the $15 million University Infrastructure Trust Fund will be distributed to the four New Brunswick universities in 2004-2005 to enhance their teaching and research capacity.*
- *Supported activities of the Coastal Zones Research Institute of the University of Moncton, Shippagan campus.*

✔ **R&D Tax Credit**
- *Continued working with the Canada Revenue Agency to promote the Province's 15 per cent, fully refundable R&D tax credit to the business community.*

✔ **Industry Clustering Initiative**
- *Provided on-going support to the Knowledge Industry Leadership Network (KILN), and all regional stakeholder groups throughout the province.*
- *Completed potato cluster study. Further developments will include the hiring of a Cluster Development Officer and appointment of a Potato Cluster Board of Directors.*
- *Enterprise Grand Falls is coordinating a clustering initiative in Biosciences aimed at developing Agro-Food Clusters in agriculture, agro-forestry and biotechnology in the Grand-Falls area.*
- *A herring cluster project is underway working towards its goal of a better quality product. Includes a mandate to support the Coastal Zones Research Institute in its R&D activities.*

✔ **Tourism**
- *Released New Brunswick Tourism Development Guidelines – a tool to develop the tourism industry and to maximize the return on that investment. The launch included training for all 15 CEDAs.*

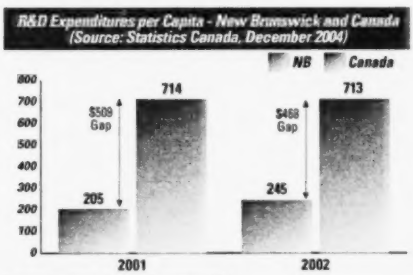
4. Technology Adoption and Commercialization

✔ **Technology Adoption**
- *In 2004, the Technology Adoption and Commercialization Program supported 60 projects ($232,676), 119 innovation projects ($421,363), 39 export development projects ($158,242), and 13 cluster development initiatives ($125,597) for a total of 231 projects and $937,878 in financial assistance.*
- *In partnership with BioAtlantech, supported a Bio Science conference at Mount Allison University.*
- *Invested $1.3 million under the Agricultural Policy Framework Canada/New Brunswick Research and Innovation Companion Program for 30 innovative projects in 2004-2005.*

✔ **Technology Commercialization**
- *The NBIF invested $2,022,600 in support of six innovative projects assisting small companies to commercialize R&D discoveries.*

Progress Indicators

- **New Brunswick's share of federal R&D funding, including the number of new Foundation of Innovation Chairs and Atlantic Innovation Fund projects:**
  - *New Brunswick universities were directly involved in 24 per cent of the federal Atlantic Innovation Fund awards for the Atlantic Region in 2003. Sixteen projects were approved, valued at $32.4 million, down from $37.6 million in 2002. No new projects were awarded in 2004.*
  - *The Canadian Foundation for Innovation (CFI) awarded 14 projects in New Brunswick in 2004, having a value of $3.2 million. This is up from six projects in 2001, valued at $0.9 million. Since the CFI started in 1998, New Brunswick institutions have been awarded 79 projects valued at $15.5 million, averaging $2.2 million per year.*
  - *Since 2001, Canada Research Chairs in New Brunswick have increased from seven to 22, with two additional chairs to start early in 2005.*
- **Exports of knowledge-based and value-added products and services:**
  - *New Brunswick exports of knowledge-based and value-added products rose from $1,142 million in 2001 to $1,305 million in 2003, an increase of $268 million or 7.2 per cent per year, and to an estimated $1,435 million in 2004, an additional increase of $129 million or 10 per cent, based on the first 11 months of 2004.*
- **Level of R&D expenditures by all partners in NB:**
  - *The gap in R&D expenditures per capita for New Brunswick, compared to the national average, decreased from $509 in 2001 to $468 in 2002.*
- **Range of, and level of satisfaction with, online government services**
  - *Survey results indicate an overall level of customer satisfaction for SNB services is just over 92 per cent. Ninety-eight per cent of respondents received the service they needed.*
- **Technology usage by New Brunswickers**
  - *Service New Brunswick (SNB) now provides payment-taking services for 53 New Brunswick municipalities.*
  - *SNB processed over 1.7 million electronic transactions. Electronic transactions (online and over the phone) comprised nearly 41 per cent of all SNB transactions compared with 40 per cent last year and 32 per cent just two years ago. Online motor vehicle registration renewals alone increased by 92 per cent compared to the previous year.*



Source: Statistics Canada, December 2004

BUILDING STRATEGIC INFRASTRUCTURE

Strategic goal: New Brunswick has a globally competitive strategic infrastructure system of trade corridors, energy and knowledge-based infrastructure, and quality of life public services to support growth and diversification of our economy in all regions of our province.

Governments have a critical role in building strategic infrastructure to improve competitiveness, facilitate the movement of people, goods, and services to national and international markets, and provide important public services essential to our quality of life. Choosing and investing in the right kind of infrastructure is central to making New Brunswick more competitive. New Brunswick's strategic geographic position, as an east-west gateway to and from Atlantic Canada and a north-south trade corridor to and from the United States, makes strategic infrastructure investment critical to our competitiveness.

Year Three Progress

CORNERSTONES AND ACTION PRIORITIES

1. Transportation

✔ **TCH Twinning**
- *Invested approximately $96 million toward the completion of the four-lane Trans-Canada Highway system in 2004-2005.*

✔ **Border Infrastructure**
- *Federal / provincial funding of $60 million, cost-shared 50/50, was allocated to the completion of the four-lane Route 1 between Waweig (Route 127) and the US Border by 2007. The project also includes Canada's share of the cost of a new international bridge at St. Stephen/Calais. Surveys, property identification, and detailed designs were carried out and construction expenditures for 2004 totaled approximately $5 million.*
- *$20 million in federal and provincial funding, cost-shared 50/50, was committed to the twinning of Route 95 between Woodstock and the Canada/US Border. Pre-construction activities were conducted. The new four-lane Route 95 is scheduled to open to traffic in 2007.*

BUILDING
STRATEGIC INFRASTRUCURE

✔ **Other Highway Infrastructure**
- *Invested approximately $19 million to upgrade Routes 11 and 17. Work was carried out toward obtaining an expansion to the National Highway System in the province to include Routes 11, 17 and 8.*

✔ **Airline Services**
- *Work continued with airport authorities, airlines, other provinces, the Federal Government and other stakeholders to improve air service, airport viability and air access in Atlantic Canada and the United States.*
- *Weekly direct charter flights between Paris and Moncton were offered from June to September 2004 through Corsair.*
- *A direct charter flight between Hanover, Germany and Moncton continued, with weekly flights being offered from May to October 2004.*

✔ **Regulatory Harmonization**
- *A discussion paper regarding harmonization of oversize loads in the Atlantic region was released to stakeholders. A discussion paper on the pilot car driver training and certification was also released.*

2. Communications

✔ **High-speed Broadband Internet Access**
- *$44.5 million program to expand high-speed Internet access to all corners of the province has been ongoing and will be completed by the end of fiscal 2006-2007.*
- *High speed Internet access was installed in nine additional public libraries during 2004 bringing the number of communities with high-speed access to 48 out of 61.*

✔ **eNB.ca**
- *Fredericton, Moncton and Saint John offices of the National Research Council were connected.*
- *Completed final phase of NB Opportunities Network for e-procurement.*

3. Energy

✔ **Energy Policy**
- *Atlantic Energy Ministers (AEM):*
  - *Formed the AEM Working Group on Electricity to address issues related to the supply of reliable, competitively priced and environment friendly electricity.*
  - *Adopted terms of reference for an assessment of the electricity sector in Atlantic Canada, in cooperation with ACOA.*
- *Issued a white paper on an energy efficiency organization for the province and consulted with stakeholders concerning initiatives to improve efficiency and reduce energy costs.*

✔ **Electricity Restructuring**
- *Posted market rules and proclaimed the new* Electricity Act *to open the electricity market to competition.*

✔ **Electricity Exports**
- *Achieved significant progress on the project for a second transmission line with New England: 100 per cent of the cost for the new line on the United States side will be covered by US tariffs.*
- *NB Power signed backstopping line reservation agreements with utilities connected to its transmission system.*

4. Public Infrastructure

✔ **Green Infrastructure**
- *Canada New Brunswick Infrastructure Projects for safe drinking water, wastewater, water management and solid waste management systems amounted to $16 million in provincial funding in 2004-2005. Total Federal/Provincial/Municipal commitments are now at $161 million or 99 per cent of the $163 million available under this agreement. This program resulted in over $56 million in tendering this year with construction occurring over the next two years. Of the 88 projects approved, 56 are 100 per cent complete.*

✔ **Healthy Schools**
- *Announced a new, four-year, $100 million commitment to the Healthy Schools program. This funding has been used to address health and safety issues and improve the quality of the learning environment.*

✔ **Public Libraries and Bookmobiles**
- *Funding for public libraries grew to more than $11 million in 2004-2005.*

✔ **Rural Infrastructure**
- *Announced Canada-New Brunswick Municipal Rural Infrastructure Fund Agreement for a $99 million tri-partite infrastructure program focusing on environmental benefits for New Brunswickers.*

✔ **Hospitals and Nursing Homes**
- *Completed renovations at St. Joseph's Hospital for the new community health centre. The new Doaktown community health centre was opened in early January 2005.*
- *Continued construction of the new Stan Cassidy Centre for Rehabilitation (SCCR) at the Chalmers Hospital site for anticipated occupancy in the spring of 2006.*
- *Purchased land for the new Upper River Valley Hospital in Waterville. Construction of the 70-bed hospital is expected to start in Spring 2005 for occupancy in July 2007.*
- *Undertook planning and design for the new Campbellton Addictions Centre. Construction of the new facility began in October and will be completed in June 2005.*
- *Commenced construction of Villa du Repos Inc. and Woolastook Long Term Care Facility Inc. (Gagetown). The facilities are expected to open in 2005-2006.*
- *Announced $90 million investment that will allow the construction of a new 75-bed nursing home in Quispamsis, the replacement of nursing homes in Woodstock, Moncton and Gagetown, and the renovation of six nursing homes across New Brunswick. This brings the total investment in the nursing home renovation and replacement plan to $120 million and creates a total of 97 new beds.*

✔ **Universities and Community Colleges**
- *Increased university base funding by two per cent over 2003-2004. This fifth consecutive increase was worth $3.7 million.*
- *Invested $2 million for repairs and renovations to the community college network, the fourth such investment since 2001-2002.*

✔ **Business Parks**
- *Continued construction on Phase II of the Scientific Park at the Université de Moncton. Occupancy is slated for January 2005.*
- *Completed Phase III of the Fredericton Knowledge Park.*

✔ **Tourism and Parks**
- *Initiated a new $1.8 million eco-tourism project on Miscou Island with $250,000 allocated to 2004.*
- *Invested more than $300,000 to modernize infrastructure at Kings Landing Historical Settlement.*
- *Invested $500,000 in capital expenditures in provincial parks/attractions and visitor information centres.*

✔ **Cultural Industries**
- *Allocated the final $720,000 of the three-year, $2.8 million commitment under the Cultural Policy.*
- *Since 1999, $1.6 million has been invested in cultural infrastructure including new cultural venues, additions to existing infrastructure and purchase of equipment.*

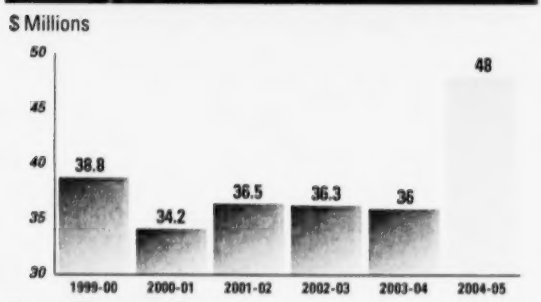
✔ **Public Safety**
- *The Security and Emergencies Directorate reached an agreement with Public Safety and Emergency Preparedness Canada to create Canada's model provincial Critical Infrastructure Program in New Brunswick.*
- *Initiated a review of the building inspection function in New Brunswick.*

Progress Indicators

- **Complete twinning of the Trans-Canada Highway across New Brunswick**
  – Invested approximately $96 million toward the completion of the four-lane TCH system in 2004-2005.
- **Availability of reliable and competitive sources of energy**
  – as of Nov. 30, 2004, Enbridge Gas New Brunswick had:
  - *Installed 84.6 kilometres of distribution mains in 2004 (accumulated total 300.5 + 84.6 = 385.1 km)*
  - *Connected 2,959 customers*
  - *Signed on 3,512 customers*

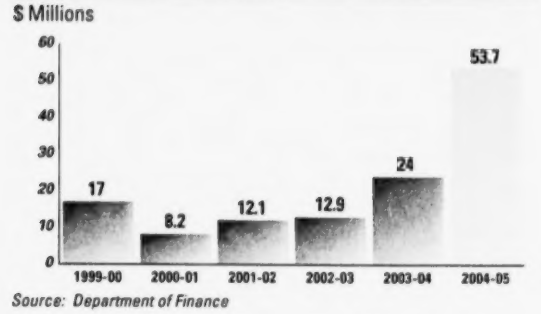
- **Availability of quality and sustainable public infrastructure, including educational and healthcare facilities and business parks**
  - *The 2004-2005 Budget included significant capital investments for education, community colleges, health, "green" infrastructure and highway infrastructure. Overall, the revised gross capital budget for 2004-2005 was $372.6 million.*
- **Access to direct air services from New Brunswick to the United States and other target markets**
  - *Weekly direct charter flights between Paris and Moncton were offered from June to September 2004 through Corsair.*
  - *A direct charter flight between Hanover, Germany and Moncton continued with weekly flights being offered from May to October 2004.*
- **Visitors to the province and value of the tourism industry**
  - *Tourism expenditures are estimated at $1.14 billion for 2004, on par with 2003.*
  - *Visitation remained constant with the previous year's tally of about 1.8 million.*

Education Capital Expenditures



Source: Department of Finance

Health and Wellness Capital Expenditures



Source: Department of Finance

IMPLEMENTATION STRATEGIES

1. Economic Diversification and Clustering

This strategy has two objectives: (1) strengthen our economic base by diversifying it; (2) build competitive advantage by focusing on key industry clusters. The two work together because successful diversification will only occur by recognizing our core competencies as a province and building on them.

- *There have been approximately 30,000 new jobs created since June 1999, 13,624 of those jobs are a result of investment attraction.*
- *Multi-sector trade activities and sessions were held to address opportunities in various world markets including: the United States, United Kingdom, Belgium, France, Germany, China and the Caribbean.*
- *Provided on-going support to the Knowledge Industry Leadership Network (KILN), and all regional stakeholder groups throughout the province.*
- *Other activities in support of cluster development included:*
  - *Value-added Natural Resources: Potato cluster study (complete), Herring cluster project (underway)*
  - *Advanced Manufacturing: Support of Excellence in Manufacturing Consortium*
  - *Life sciences: Life Sciences Cluster Strategy (under development)*
- *Community Economic Development Agency (CEDA), Enterprise Grand Falls, began coordination of a Biosciences clustering initiative.*

2. Community Economic Development

Community economic development is central to this government's vision for moving New Brunswick forward. It is part of our vision of empowering people and communities. Through a cooperative federal/provincial/municipal effort, fifteen CEDAs will be established to give people and communities a more active role in shaping their economic future based on their region's unique needs and advantages.

- *Funded a Provincial Labour Force Development Officer position to provide central coordination for the Enterprise Network.*
- *Continued support of diversification, strategic infrastructure, education and training, and research and development initiatives under the five-year, $25 million, Restigouche-Chaleur Economic Development Fund.*
- *Extended the Acadian Peninsula Economic Development Fund for fiscal 2004-2005.*
- *Initiated a new, $25 million, five-year economic development agreement in response to the Miramichi Task Force Report.*

3. Strategic Partnerships

A key strategy to achieve prosperity must be to forge strategic, collaborative relationships amongst all partners: governments – federal, provincial and municipal – business; workers; universities and other learning and research institutions. Cooperation and coordination are necessary to ensure we can all maximize resources and focus on the same objectives.

N. B. Inc.

- *The Premier's Roundtable on e-NB and Innovation, consisting of representatives from the public and private sectors and the academic community, continued implementation of its Action Plan. Representatives from the Premier's Roundtable participated in the Knowledge Industry Leadership Network (KILN).*
- *Innovation Team New Brunswick, a federal-provincial working group dedicated to increasing private, public and institutional research and innovation in New Brunswick, prepared a three-year work plan and began implementation.*
- *The New Brunswick Innovation Foundation, governed by a board of public, private and academic sector directors, invested in excess of $3.5 million in numerous projects and research assistantships. Details are available at: www.NBIF.ca.*
- *Worked with the federal government and New Brunswick industries to develop a research and commercialization agenda for the National Research Council Institute of Information Technology-e-Business.*
- *Trade Team New Brunswick, a partnership of government organizations dedicated to stimulating export activity in New Brunswick provided potential and active exporters with access to various trade-related programs and services.*

New Brunswick – Atlantic Canada

- *Assisted in developing a joint research project between the Atlantic Canada Opportunities Agency and the Council of Atlantic Premiers to look at the challenge of increasing private sector R&D in Atlantic Canada.*
- *Worked with New Brunswick Aerospace and Defence Industry to develop an Atlantic Aerospace and Defence Association.*
- *Supported initiatives in the aerospace sector leading to Memoranda Of Understanding (MOU) on the Maritime Helicopter Program between several New Brunswick companies and aerospace contractors. A Pan Atlantic Aerospace mission, organised by the New Brunswick Aerospace and Defence Association (NBADA), attended the world's premier air show in Farnborough, England. An MOU for cooperation was signed between NBADA and a large UK aerospace association.*
- *Adopted a set of standard terms and conditions for all Atlantic government tender opportunities.*
- *Participated in meetings of the Atlantic Energy Ministers to address a broad range of issues centred on regional energy cooperation, including: climate change, electricity*

markets and generation, offshore exploration, and building energy supply.

- *Established the Council of Atlantic Ministers for Education and Training (CAMET). The provinces established this organization to address regional cooperation in areas of post-secondary education and training.*
- *Represented New Brunswick's interests on various trade policy issues, including shipbuilding and softwood lumber. Maintaining New Brunswick's exclusion from countervailing duties is estimated to save industry $100 million per year.*

New Brunswick – Canada

- *Led, with Manitoba, the development of a work plan for the Council of the Federation (COF) Initiative on internal trade barrier removal. All immediate and short-term actions identified in the work plan have been implemented.*
- *Led, with Manitoba, the revitalization of discussions on inter-provincial trade, which have led to better cooperation with the federal government on implementation of the Agreement on Internal Trade. New Brunswick is also leading on the development of a new mechanism for coordinating Canada-US relations between provinces, territories and the federal government.*
- *Participated in three First Ministers meetings that resulted in increased funding for health care and equalization. First Ministers negotiated an additional $18 billion federal contribution for health care over the next six years, of which New Brunswick's share will be $415 million. The federal government also agreed to increased equalization funding for 2004-2005, which will result in an additional $152 million for New Brunswick.*
- *Met with aboriginal leaders to discuss health care priorities in their communities. Undertook a Conference Board of Canada study confirming the existence of fiscal imbalance in Canada. Worked toward streamlining environmental assessment processes. Worked on a literacy award to recognize excellence among learners, educators, volunteers, businesses and other organizations involved in literacy. Participated in a project to encourage youth engagement in public affairs, including a youth forum at the COF meeting in Niagara-on-the-Lake. Developed a framework for inter-provincial/territorial emergency management mutual aid.*
- *Provided New Brunswick input to the federal Department of International Trade concerning a broad range of Canadian consultations and various international trade and investment agreements.*
- *Joint mission with the Province of Manitoba was undertaken in Atlanta and Chicago. Eight New Brunswick companies participated in the mission and reported partnerships being developed and anticipated sales of approximately $3 million.*

New Brunswick – New England

- *Continued to work with committees of the New England Governors and Eastern Canadian Premiers and participated in conference concerning the impact of climate change with respect to northeast forests, fisheries, coastal zones, agriculture and wildlife.*
- *Held the Maine / New Brunswick Border Summit and Legislator's Forum at which Legislators and Commissioners as well as business and industry leaders from both sides of the border, participated in sessions on forestry, energy, transportation, border*

security, learning technology, online services, cultural development and the St. Croix International Watershed.

- *Premier Lord and Governor Baldacci signed two memoranda of understanding to increase inter-jurisdictional cooperation between the state and province in addition to hosting a Business Roundtable with a small group of business leaders from Maine and New Brunswick who are active in cross-border trade.*
- *Signed a Memorandum of Understanding on Intergovernmental Cross Border Cooperation between the State of Maine and the Province of New Brunswick to promote mutual interests in regional and international affairs.*
- *Participated with New England States and Eastern Provinces on the development of Bio-technology capabilities to enhance awareness of and promotion of the BioCorridor.*

New Brunswick – International

- *Hosted the 2004 Ministerial Conference on Francophone Affairs aimed at enhancing co-operation in regard to services in French and support for the francophone and Acadian communities of Canada.*
- *Partnered with the federal government during the 10th Francophonie Summit in a variety of initiatives including the computerized management of the proceedings. The International Organization of the Francophonie adopted a ten-year strategic framework focusing on the importance of education and training, youth, and information and communications technologies as the basis for all development.*
- *Signed bilateral agreement with Department du Nord, France to foster economic and institutional relationships, with a particular interest in the information technologies sector.*
- *Participated in United Nations Food and Agriculture Organization (FAO) to set up an operations and coordination centre for FAO's "Aquatic Food Program" under the Acadian Peninsula Smart Community Project.*
- *Partnered with the federal government, the United States and France to host the 400th anniversary commemorative ceremonies in Bayside, St. Andrews and France.*
- *Opened a third school in China offering a New Brunswick curriculum.*